

Message Text

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E. O. 11652: DECON MAR 27, 1974

TAGS: EAGR, MA, US

SUBJ: MALAGASY REJECTION OF AMERICAN RANCHING INVESTMENT

BEGIN SUMMARY: MALAGASY REJECTION OF A MAJOR AMERICAN PROPOSAL FOR RANCHING INVESTMENT INDICATES DISAPPOINTING OUTLOOK FOR FUTURE FOREIGN INVESTMENT AND FOR ECONOMIC DEVELOPMENT MADAGASCAR. END SUMMARY.

1. IN RESPONSE MY QUERY ON MARCH 26, MALAGASY MINISTER RURAL DEVELOPMENT RAKOTOVAHINY INFORMED ME THAT MALAGASY GOVT HAS REJECTED PROPOSED MAJOR INVESTMENT IN BEEF RANCH BY AMERICAN GROUP HEADED BY EUGENE HOLMAN AND BACKED BY WINTHROP ROCKEFELLER INTERESTS.

2. REASON GIVEN BY MINISTER RURAL DEVELOPMENT WAS THAT SOCIAL EFFECTS OF PROPOSED ALLOCATION OF 125,000 ACRES OF LAND TO AMERICAN RANCHING GROUP HAD NOT BEEN STUDIED IN SUFFICIENT DEPTH. HE INDICATED MALAGASY GOVT FEARED SERIOUS CRITICISM MIGHT ARISE FROM SOCIAL DISLOCATION OF PEASANTS IN AREA CONCERNED.

3. COMMENTS: WE DISAPPOINTED BY THIS DECISION OF MALAGASY GOVT AS WE BELIEVE IT SIGNIFIES THAT NATIONALISM NOW HAS UPPER HAND OVER DEVELOPMENT INTERESTS OF COUNTRY AS FAR AS PRIVATE FOREIGN INVESTMENT IS CONCERNED. BEEF PRODUCTION OFFERS PROBABLY BEST OPPORTUNITY FOR SUBSTANTIAL EXPANSION OF MALAGASY EXPORTS.

4. WHILE MALAGASY GOVT CONCERN ABOUT SOCIAL EFFECTS OF LARGE
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ALLOCATION OF LAND WARRANTED IN VIEW BAD EXPERIENCE WITH WORLD
BANK- FIANCED STATE FARM WEST OF TANANARIVE, WE KNOW THAT AMERICAN
INOF

JEWISH EMIGRATION. CORRESPONDENT STATED THAT THIS VIEW BASED
ON JEWISH ACTIVISTS' FEELING THAT ONLY SUCH A DEFEAT WOULD
" SHOCK " SOVIET AUTHORITIES INTO FULL REALIZATION OF FOREIGN
POLICY CONSEQUENCES OF RESTRICTIVE EMIGRATION POLICY. SINCE
THESE ACTIVISTS BELIEVE MFN LEGISLATION WOULD BE RESUBMITTED,
THEY REPORTEDLY EXPECT VERY DIFFERENT SOVIET PERFORMANCE IN
" NEXT ROUND." A LESS FORTHCOMING STANCE IN PART SOVIET
AUTHORITIES, THEY CONTEND, WOULD PLAY INTO HANDS OF JACKSON-
MILLS- VANIK SUPPORTERS.

3. JEWISH SOURCES AVAILABLE TO SEEGER, HOWEVER, HAVE GIVEN
DIVIDED ASSESSMENT OF CONSEQUENCES MFN DEFEAT, WITH SOME
EXPRESSING FEAR OF POSSIBLE ADVERSE EFFECT ON JEWISH EMIGRA-
TION. OTHERS LEANED TOWARD POSITION DESCRIBED PARA 2, WHILE
" MIDDLE " GROUP FELT THAT PROSPECTS OF EMIGRATION BEST SERVED
BY PERIOD OF CONTINUED US PRESSURE ON USSR AVOIDING INFOFAR
AS POSSIBLE EITHER DEFEAT OR PRECIPITOUS PASSAGE OF MFN
LEGISLATION.
DUBS

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